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Europe

EUROPEAN POSSESSIONS IN THE WESTERN HEMISPHERE

Statement by the Secretary of State on German Reply to Note of the United States

[Released to the press July 5]

The Secretary of State, the Honorable Cordell Hull, made the following statement on July 5:

"The American Chargé d'Affaires in Berlin has communicated to the Department the text of a note dated July 1, which he has received from the German Minister of Foreign Affairs.

"The note in question refers to the note delivered by the American Chargé d'Affaires under instructions of the Government of the United States on June 18,¹ in which this Government informed the Government of the German Reich that it would not recognize any transfer of a geographical region of the Western Hemisphere from one non-American power to another non-American power, and that it would not acquiesce in any attempt to undertake such transfer.

"The German Minister of Foreign Affairs states that the Government of the German Reich is unable to perceive for what reason the Government of the United States of America has addressed this communication to the Reich Government. He states that in contrast with other countries, especially in contrast with England and France, Germany has no territorial possessions in the American Continent, and has given no occasion whatever for the assumption that it intends to acquire such possessions, and

he asserts that thus insofar as Germany is concerned, the communication addressed to the Reich Government is without object.

"The German Minister of Foreign Affairs continues by remarking that in this case the interpretation of the Monroe Doctrine implicit in the communication of the Government of the United States would amount to conferring upon some European countries the right to possess territories in the Western Hemisphere and not to other European countries. He states that it is obvious that such an interpretation would be untenable. He concludes by remarking that apart from this, the Reich Government would like to point out again on this occasion that the nonintervention in the affairs of the American Continent by European nations which is demanded by the Monroe Doctrine can in principle be legally valid only on condition that the American nations for their part do not interfere in the affairs of the European Continent.

"The foregoing is the substance of the German note.

"I feel that no useful purpose will be served at this time for this Government to undertake to make any further communication to the Government of the German Reich on the subject matter of the communication above quoted.

"The fundamental questions involved are entirely clear to all of the peoples of the American republics, and undoubtedly as well to the majority of the governments and peoples in the rest of the world.

¹ See the *Bulletin* of June 22, 1940 (Vol. II, No. 52), pp. 681-682.

"The Monroe Doctrine is solely a policy of self-defense, which is intended to preserve the independence and integrity of the Americas. It was, and is, designed to prevent aggression in this hemisphere on the part of any non-American power, and likewise to make impossible any further extension to this hemisphere of any non-American system of government imposed from without. It contains within it not the slightest vestige of any implication, much less assumption, of hegemony on the part of the United States. It never has resembled, and it does not today resemble, policies which appear to be arising in other geographical areas of the world, which are alleged to be similar to the Monroe Doctrine, but which, instead of resting on the sole policies of self-defense and of respect for existing sovereignties, as does the Monroe Doctrine, would in reality seem to be only the pretext for the carrying out of conquest by the sword, of military occupation, and of complete economic and political domination by certain powers of other free and independent peoples.

"The Monroe Doctrine has, of course, not the remotest connection with the fact that certain European nations exercise sovereignty over colonies in the Western Hemisphere and that certain other European nations do not. This situation existed before the Monroe Doctrine was proclaimed. The Doctrine did not undertake to interfere with the existing situation, but did announce that further incursions would not be tolerated. It made clear that the future transfer of existing possessions to another non-American state would be regarded as inimical to the interests of this hemisphere. This has become a basic policy of the Government of the United States. As already stated in the communication addressed to the German Government by this Government under date of June 18, the Government of the United States will neither recognize nor acquiesce in the transfer to a non-American power of geographical regions in this hemisphere now possessed by some other non-American power.

"The Government of the United States pursues a policy of nonparticipation and of non-involvement in the purely political affairs of Europe. It will, however, continue to cooperate, as it has cooperated in the past, with all other nations, whenever the policies of such nations make it possible, and whenever it believes that such efforts are practicable and in its own best interests, for the purpose of promoting economic, commercial, and social rehabilitation, and of advancing the cause of international law and order, of which the entire world stands so tragically in need today."

♦ ♦ ♦

NEWSPAPER INTERVIEW OF GERMAN CONSUL GENERAL IN NEW ORLEANS

[Released to the press July 5]

Through the courtesy and assistance of the Governor of Louisiana, the Department of State has now received a report concerning the interview given by Edgar Freiherr Spiegel von und zu Peckelsheim, German Consul General in New Orleans, to a reporter for the *New Orleans States* on June 14, 1940, excerpts from which appeared in that newspaper and were later reproduced or summarized in other papers. It would appear that the German Consul General in this instance thought he was not speaking for quotation, and that his statement was not for publication, and that, perhaps due to a misunderstanding, publication was made.

The matter has been taken up with the German Embassy here, and it has been pointed out that public discussion of questions relating to this country's policies and attitudes does not properly come within the province of foreign government officials in the United States. It was pointed out that permission granted to foreign government officials to continue to remain in this country is dependent on observance of this rule.

The incident is considered closed.

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July 2

The American Republics

THE ALTERED ECONOMIC POSITION OF LATIN AMERICA, 1931-1939

Address by Assistant Secretary Grady ²

[Released to the press July 2]

It is a pleasure for me to have been given the opportunity of taking part in this Conference on International Relations of the Institute of Latin American Studies. Such meetings not only serve to focus public attention on the importance of the general subject of our political, economic, and cultural relations with the other American republics, but more particularly they bring together scholars and specialists in that field to exchange views and define the problems for whose solution attention needs most specifically to be directed. The objective of the Conference is, I understand, the formulation of definite proposals or plans for the prosecution of research projects, rather than the discussion of current problems alone, with a view to providing a firm foundation upon which future discussions can be more intelligently conducted on the basis of new information developed by such projects. The work of such conferences as this one, opening today, deserves every encouragement and support.

A consideration at this time of the altered economic position of Latin America during the last decade has more significance than the mere recital of a series of developments with which a group such as is gathered here today is, to a considerable extent, already familiar. Its greater significance and value lie in the opportunity to analyze the effects of world-wide developments and trends during the last 10 years on the other American republics, individually and severally, and to examine the status of our own relations with those countries. Only from such an analysis can come an intelligent approach to today's problems.

² Delivered at the third session of the Conference on International Relations of the Institute of Latin American Studies, at the University of Texas, Austin, Tex., July 2, 1940.

Although the individual nations of Latin America possess economic personalities which in some cases are as different from one another as from that of the United States, and while it is therefore difficult to indulge in generalities applying to 20 nations, there are nevertheless certain basic economic factors common to all of them.

The economy of the republics of Latin America is closely linked with that of the world because of the position of those countries as producers of raw materials for export, upon the sale of which they depend to a large extent for means of covering the debit items in their balances of international payments. One of the most significant developments during the last decade has been the loss of control by many Latin-American nations of the proceeds of a considerable part of their exports through the operation of bilateral agreements with European countries which forced such proceeds to be utilized only for imports from such countries or for specific financial purposes. Since the nations of Latin America have remained to a considerable extent producers of primary goods for world markets, their exports have been highly sensitive to conditions in world markets over which those nations have had little control. So long as the trend continues toward bilateral trade, and controls of the proceeds of Latin-American exports are operated as they have been in recent years or increased by European importing nations, the more vulnerable the southern countries of the Western Hemisphere will become to pressure from abroad. We cannot fail to take note of the possibility of such pressure being applied for other than economic ends.

Aggravating the problem just mentioned is that of the unitary nature of Latin-American exports: the effects of developments outside the

hemisphere on the production of tin in Bolivia, copper and nitrate in Chile, coffee and cotton in Brazil, coffee and petroleum in Colombia, and coffee in Venezuela and in the Central American republics, to mention but a few outstanding examples, have a profound influence on a large part of the economy of each of the affected countries. Although definite steps have been taken during the last decade looking toward diversification of agriculture and industry in a number of countries and a certain degree of progress has been achieved, the basic "one-crop" situation in the majority of the Latin-American countries remains substantially unchanged today.

Closely allied to the problems just mentioned has been the relationship between foreign trade and governmental finances. Although considerable headway has been made in a few of the more economically advanced countries of Latin America during the last decade to broaden the tax base, it is still largely true that the most important single source of government revenue is customs duties. Developments in foreign trade, therefore, are especially significant in Latin America from the point of view of public finance, including the servicing of foreign obligations, and of the bearing of such finance on various aspects of national economic activity and growth.

The basic position of the Latin-American countries as debtors on international account has not changed during the past decade. There is today and will be for some decades to come a real need for the investment of new capital in enterprises sound for both the lender and the borrower. The movement of capital for productive investment has in the past been closely related to the effect upon the national economies of sharp fluctuations in foreign trade. Thus, the rapid decrease in foreign trade at the beginning of the past decade coincided with the cessation of our foreign lending which accelerated the downward economic trend. I do not, of course, mean to imply that the basis or methods of much foreign lending by this country during the twenties was sound. Continued indiscriminate lending to Latin America would

not have been wise and very probably could not in any event have offset the effects upon that area of the general world situation. Nevertheless, new capital carefully directed into lines which would have increased local productive capacity and raised living standards would have been of value during that period to both lender and borrower.

At the beginning of the last decade the economies of the American republics were, generally speaking, in a relatively prosperous condition although the first rumblings were audible of the troubled days ahead. Foreign trade, at that time as now, one of the most obvious barometers of general conditions, was at a high level, supported by high prices and a relative freedom of movement. The effect of foreign borrowing, although beginning to taper off, was still sufficient to permit international payments to be balanced and currencies to remain fairly stable.

By the middle of 1930, however, appeared the first marked signs of the depression as raw-material price declines gained momentum. Falling more rapidly and to considerably lower levels than prices of finished goods and semimanufactures, world prices for such important Latin-American export commodities as copper, wheat, coffee, sugar, and tin had declined by the end of 1932 to hardly more than 40 percent of the levels at the beginning of 1928. The price index for finished goods and semimanufactures in the United States, on the other hand, declined during that period only to 73 and 62 percent, respectively, of the 1928 levels. The effect on Latin-American foreign trade, of course, and in turn on the internal economy, was rapid and severe. Chilean foreign trade, hardest hit, had by 1932 declined to but 13 percent of its value in 1929. The practical cessation of foreign investments aggravated the difficulties resulting from the shrinking value of exports. Government revenues, dependent to an important extent upon customs duties, declined rapidly and resulted not only in internal difficulties but also in suspension of foreign debt service in various countries. Gold stocks were depleted and currency depreciation set in. Practically all elements of the national economies were caught in the descending spiral.

The United States, of course, must accept its share of the blame for the trade-strangling measures throughout the world which have had a particularly destructive effect on the economies of the countries of Latin America. The Hawley-Smoot Tariff Act of 1930, the sanitary embargo imposed by that act as a protection against foreign competition rather than against the danger of harmful diseases, and other restrictive measures not only contributed directly to economic difficulties in certain Latin-American countries but set in motion retaliatory or defensive measures in many countries in other parts of the world which in turn restricted the trade of the nations of this hemisphere. During the last few years we have made some progress through the trade-agreements program in meeting this problem but much of the task still lies before us.

The Latin-American governments were faced early in the depression with the necessity of adopting drastic measures to meet the rapidly changing situation. Since the causes of the difficulties resulted primarily from the deterioration of economic relationships with the rest of the world, it was natural that the first defensive measures should involve readjustments in those relations. Thus, controls were established which, although varying in their details and manner of application from one country to another, were designed to restrict imports within reduced exchange availabilities and secondly to control those availabilities in a manner which would permit their most efficient use from the point of view of what seemed to be the national interest.

These were in the first instance the primary objectives of increases in tariff rates and the operation of exchange control. Increased import duties were directed in a large part against articles regarded as luxuries and, in the case of exchange control, exchange for payments of such articles and for noncommercial purposes was subject to long delays or was supplied only at unfavorable rates in order that exchange availabilities could be utilized primarily for essential imports.

Soon, however, the operation of exchange and

trade controls became subject to pressure from foreign countries. The usual export surplus of Latin-American countries presented certain European importing nations with an opportunity to accomplish two purposes: the liquidation of balances blocked in Latin-American countries for lack of exchange and the forcing of their own exports. Thus a large number of bilateral clearing or compensation agreements came into existence. This development has presented to the United States Government one of its most difficult problems in inter-American economic relations.

The growth of manufacturing activities in Latin America during the past decade has been considerable, particularly in Argentina, Brazil, Chile, and Mexico. This expansion of industrial activity constitutes the second important period of industrialization in Latin America, the first having occurred during the 1914-18 war-period when manufacturing was stimulated primarily by the loss of European sources of supply. During the past decade, however, the marked expansion of industrial activity may be ascribed largely to the foreign trade situation and its effect on foreign exchange availabilities, together with higher import duties imposed for protective purposes.

As the economies of the American republics grow and mature, the trend toward industrialization may be expected to increase and, insofar as it rests on a sound economic basis, it may be reflected in a growing volume of international trade resulting in benefits to all countries concerned. The marked trend toward industrialization which has taken place in the last decade has been due partly, however, to abnormal economic conditions brought about by the development of bilateralism in the trade relations of Latin-American republics as well as of other countries. It reflects in part the disintegration of the international economic system on which the prosperity of Latin America is especially dependent.

Comprehensive statistics showing the growth of manufacturing activity in all of the other American republics are not available. In Argentina, however, an industrial census was

taken in 1935 and another in 1937. The expansion during this 2-year period is evidence of the rapidity of growth in one of the leading countries. Between 1935 and 1937 the number of persons engaged in manufacturing in Argentina increased from 526,000 to 642,000, or by 22 percent; wages and salaries increased more than 200 million pesos, from 737 million to 948 million pesos, or by 28.6 percent, and the value of finished goods increased from 3.4 to 4.7 billion pesos, or by 36.1 percent.

Similar developments in Brazil have, among other things, placed that country on an export basis in textiles, and manufacturing has also expanded tremendously in many other lines.

In the light of developments over the last decade, it is of interest to examine certain changes in the economies of the nations of Latin America: the apparent necessity in the majority of countries for some form of governmental control over foreign trade or the means of international payment; the trend toward the canalizing of foreign trade and the payments therefor into bilateral channels; certain gradual changes in the composition of both exports and imports, brought about not only by adjustments in the domestic economies of the Latin-American countries but more importantly because of trends in commercial policy in other countries, such as the movement in various European countries for self-sufficiency in certain products deemed essential; and a somewhat greater dependence on domestic sources for new investment capital.

Continuing governmental controls over trade and payments in Latin America is a phenomenon which seems attributable to two causes: the operation of a not inconsiderable part of Latin-American foreign trade under compensation agreements largely imposed from abroad, and the necessity of controlling the actual or potential demand for foreign exchange which for all purposes considerably exceeds exchange availabilities in many countries. With respect to the former, it is not possible to foretell to what extent the post-war trade between a large part of Europe and Latin America will be conducted on any more liberal

lines than during the last few years. In regard to exchange, the potential demand in the nations of Latin America is as great if not greater now than it was prior to the depression, particularly if we include the demand for exchange for noncommercial purposes. The supply of exchange, on the other hand, is much smaller than it was 10 years ago, largely because of a much lower level of export values.

The trend which has developed during the last few years to force trade and payments into bilateral channels is, of course, to the long-run disadvantage of the countries of Latin America, whose real interest is in the development of international trade with a minimum of restrictions or artificial controls.

The changes which have taken place in the composition of Latin-American foreign trade over the last decade are more noticeable in imports than in exports. Reflecting, among other things, increased industrial activity, imports of raw materials and semifinished goods have in many lines of trade gradually tended to displace to some extent semifinished goods and manufactures, respectively, and imports of machinery have increased. On the side of exports, noteworthy trends have included increased exports of petroleum from Colombia and of cotton from Brazil.

The net result of the foregoing factors upon the trade of the United States with Latin America, and upon our financial relationships with that area, may be summarized as follows:

Our import trade, in dollar value, has undergone a considerable change: in 1929 our imports from the 20 republics of Latin America amounted to \$1,014,127,000. While having recovered from depression levels, they nevertheless have averaged only \$548,053,000 during the last 3 years. This is similarly true in the case of our exports to Latin America: a decrease from \$911,749,000 in 1929 to an average of \$547,275,000 in 1937-39. These changes might be found to be even more marked if account were taken of the change in the value of the dollar between 1929 and the present time. On the import side there have not been any marked changes in the commodities enter-

ing into the trade. On the export side, the changes have been somewhat more marked: as various American republics tended to become more economically developed, there was a trend toward greater industrialization and a resultant shift toward the exportation from this country to Latin America of machinery and other producers goods. The share of the United States in the import trade of Latin America has remained steady during the last decade, amounting to 35.9 percent in 1930 and 34.6 percent in 1938. The relative importance of Latin America as a market for our products and as a source of imports likewise has remained about the same: Latin America took 17.4 percent of our exports in 1929 and 17.9 percent in 1939, and supplied us with 22.3 percent of our imports in 1939 as compared with 23.1 percent 10 years earlier.

Turning to other aspects of our economic relations with Latin America over the past decade, we find that most of our problems stem from the generally lower level of foreign trade throughout the world today than 10 years ago. In 1929, when Latin-American exports were at a high level and the proceeds therefrom could be freely utilized, the excess of Latin-American exports to Europe over imports from that area were used as needed to meet commercial and financial obligations in the United States.

The unsatisfactory situation resulting from a lower level of Latin-American export values has been aggravated by the control which various European countries have exercised over the proceeds of Latin-American exports in order to promote the sale of their own products or for other purposes. Where such controls affect the proceeds of a large part of the exports of a particular Latin-American country, the general result has been that the supply of exchange available for payments to the United States has been limited and that our exporters have received the first call on this limited supply while our other economic interests, chiefly our investors, have received less favorable treatment. Although a number of Latin-American governments have made sincere efforts to resume serv-

ice on their obligations on which service was suspended during the depression, their efforts, as well as the efforts of those governments which have not resumed service in any degree, have been hampered by the exchange problem. A substantial increase in the value of Latin-American exports for which free foreign exchange can be obtained would improve the position of our investors as well as that of our exporters.

This Government can contribute in considerable measure to the easing of exchange difficulties in Latin America through the reduction of those trade barriers which have prevented a larger flow of imports from that area into this country and through the maintenance of those conditions under which goods moving freely may continue to be imported without restrictions. During the last few years the trade-agreements program has been the most effective means utilized by this Government to create conditions favorable to a sound and profitable expansion of our foreign trade, imports as well as exports. We have concluded 12 agreements with 11 of the Latin-American nations, including a supplementary agreement with Cuba. Negotiations are in progress with another country, Chile.

The fact is that the administration has throughout its term been actively seeking to promote economic relations with the other countries of this hemisphere. Our efforts have, of course, not in all instances been successful, but the progress has been steady. The situation that faces us today calls for redoubled efforts toward inter-American economic cooperation. This is demanded, not only for sound business reasons, but also by our common interest in defense.

We must continue and intensify our efforts, through our trade and other commercial policies, to develop for our common benefit trade relations within this hemisphere. At the same time, we cannot intelligently ignore the plain fact that the trade relations of the Americas are not, and cannot be dealt with as if they were, trade relations within the American hemisphere alone. A large share of the trade of this

hemisphere is, and must continue to be, with the populous areas of the Old World, and in significant degree we nations of this hemisphere are not only mutual suppliers of each others' needs, but competitors in overseas markets. Even competitors, however, have common interests, and we should study and clarify the nature of those interests in order to find the best means of furthering them by cooperative action.

We frequently hear it proposed that production in Latin-American countries be adjusted so as to make it possible to substitute our markets for their markets in the Old World. It is suggested in this connection that we assist the development in the Americas of the production of commodities such as rubber, cocoa, and tin, for which our necessity provides abundant and profitable markets and for which we are now dependent upon sources in remote corners of the earth.

Proposals of this sort do not of course offer a solution to the current economic problems of the Americas. Even if ways can be found to surmount the difficult technical problems involved in such proposals, such as the question of labor supply, of climatic requirements, or of transportation, substantial results will require an extended period of persevering endeavor, and the needs of the situation are current and pressing. The problems of failing or blockaded markets, of unsold surpluses, and of their economic and political consequences among our neighbors are problems of today's finances and balances of payments for their governments, and of today's livelihood for their peoples.

But while the immediate problem of export surpluses is demanding our attention, we must not lose sight of the long-range view of our economic relations with the other American republics. This includes not only their possibilities of supplying more of our import needs, but also the opportunities for furthering their economic development which, in raising standards of living, will provide improved markets in this hemisphere for our own products.

I have attempted to point out some of the more important economic developments in

Latin America during the past decade. It has been a period which has witnessed sharp fluctuations between prosperity and depression in nearly every phase of national life. If the difficulties which have arisen during the last 10 years have served no other purpose, they have at least given us an insight into the problems we may expect to face in the near future upon a greatly intensified scale. It is important, therefore, that we have a thorough understanding of economic developments in Latin America in the recent past in order that we may be better equipped to solve the difficulties which lie ahead for the nations of that area in their relations with the rest of the world and in our own relations with them. Accordingly, it would seem desirable in formulating projects for the study of present and future inter-American economic problems to give adequate attention to recent trends and the factors involved in order that they may be understood and dealt with intelligently.

Pressure upon the democracies of this hemisphere by the totalitarian powers, which has begun even before the cannon in Europe have ceased thundering, challenges directly the ability of this country to establish a basis for inter-American economic relations which will permit the other nations of this hemisphere to resist trade bargains with political strings attached. Our first task, therefore, is to be as completely informed as possible, in the light of past developments, on the problems faced by the Latin-American republics. To this the present gathering can contribute effectively by giving the widest possible dissemination to the results of the research projects it initiates. In the sense of a more positive program, groups such as this can also aid materially by their efforts to secure widespread support for the practical measures necessary if we are to maintain political and defensive unity in this hemisphere through strengthened economic cooperation. Specifically, if we are going to implement the good-neighbor policy at a time when it faces its severest test, we must be prepared to extend to the nations of Latin America every assistance in the solution of their export problems with a view

to safeguarding their interests and ours against the totalitarian weapons of politico-economic penetration. In a word, we must exert ourselves in every way in order to maintain in this hemisphere the spirit and substance of those liberal economic and political relationships which make life worth while.

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MEETING OF THE FOREIGN MINISTERS OF THE AMERICAN REPUBLICS AT HABANA

Final Agenda

The Governing Board of the Pan American Union has approved the final program or agenda for the forthcoming consultative meeting at Habana of the Ministers of Foreign Affairs of the American Republics, or their representatives. The final agenda as approved is identical with the draft agenda which appeared on pages 705-706 of the *Bulletin* of June 29, 1940 (Vol. II, No. 53), with the exception of paragraph 4 of section I, which reads in the final agenda as follows:

"(4) Consideration of the humanitarian activities which, in a coordinated manner, can be conducted by the Governments of the American Republics, the National Red Cross societies, and other entities created for the purpose, for the benefit of refugees, prisoners, and other victims of the war."

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VENEZUELA: NATIONAL ANNIVERSARY

[Released to the press July 5]

The following telegram was sent July 5 by President Roosevelt to the President of Venezuela, Señor Eleazar López Contreras:

"JULY 5, 1940.

"On this anniversary which the people of Venezuela are celebrating today I take great pleasure in extending to Your Excellency on behalf of the people of the United States and in my own name sincere congratulations and earnest wishes for the prosperity of the Republic.

FRANKLIN D. ROOSEVELT."

General

CONTROL OF EXPORTS FROM THE UNITED STATES OF MUNITIONS, MATERIALS, AND MACHINERY ESSENTIAL TO NATIONAL DEFENSE

[Released to the press by the White House July 2]

The President on July 2 signed H. R. 9850, providing legal authority for the control of exports from the United States of munitions, materials, and machinery essential to our national defense. A proclamation issued under this authority sets up the controls considered necessary at this time.

The items and materials listed in the proclamation include certain strategic materials as well as semifinished products and machine tools of which there are actual or prospective shortages as a result of the national defense program.

The Materials and Production Divisions of the National Defense Advisory Commission are collaborating with the Administrator of Export Control in the determination of the items to be controlled and the extent and character of the controls to be exercised.

While the control of exports is primarily a national-defense matter, the Department of State provides the machinery for the actual issue of licenses under which any controlled items are released for export.

The President also signed and issued the following military order:

"The administration of section 6 of the act of Congress entitled 'An Act to expedite the strengthening of the national defense,' approved July 2, 1940, is essentially a military function, and by virtue of the authority vested in me as President of the United States and as Commander-in-Chief of the Army and Navy of the United States, I hereby designate Lieutenant Colonel Russell L. Maxwell, U. S. Army, Administrator of Export Control to administer the provisions of the said section under the direction and supervision of the President as Commander-in-Chief of the Army and Navy of the United States.

"FRANKLIN D. ROOSEVELT

"Commander-in-Chief.

"THE WHITE HOUSE,

"July 2, 1940."

The text of the above-mentioned proclamation follows:

ADMINISTRATION OF SECTION 6 OF THE ACT ENTITLED, "AN ACT TO EXPEDITE THE STRENGTHENING OF THE NATIONAL DEFENSE" APPROVED JULY 2, 1940

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A Proclamation

WHEREAS section 6 of the act of Congress entitled "AN ACT To expedite the strengthening of the national defense," approved July 2, 1940, provides as follows:

"Whenever the President determines that it is necessary in the interest of national defense to prohibit or curtail the exportation of any military equipment or munitions, or component parts thereof, or machinery, tools, or material or supplies necessary for the manufacture, servicing or operation thereof, he may by proclamation prohibit or curtail such exportation, except under such rules and regulations as he shall prescribe. Any such proclamation shall describe the articles or materials included in the prohibition or curtailment contained therein.

In case of the violation of any provision of any proclamation, or of any rule or regulation, issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than two years or by both such fine and imprisonment. The authority granted in this Act shall terminate June 30, 1942, unless the Congress shall otherwise provide."

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, acting under and by virtue of the authority vested in me by the said act of Congress, do hereby proclaim that the administration of the provisions of section 6 of that act is vested in the Administrator of Export Control, who shall administer such provisions under such rules and regulations as I shall from time to time prescribe in the interest of the national defense.

AND I do hereby further proclaim that upon the recommendation of the aforesaid Administrator of Export Control, I have determined that it is necessary in the interest of the national defense that on and after July 5, 1940, the articles and materials hereinafter listed shall not be exported from the United States except when authorized in each case by a license as hereinafter provided:

1. Arms, ammunition, and implements of war as defined in my Proclamation No. 2237, of May 1, 1937.³

2. The following basic materials and products containing the same:

- a. Aluminum
- b. Antimony
- c. Asbestos
- d. Chromium
- e. Cotton linters
- f. Flax
- g. Graphite
- h. Hides
- i. Industrial diamonds
- j. Manganese
- k. Magnesium
- l. Manila fiber
- m. Mercury
- n. Mica

³ See the *Bulletin* of January 27, 1940 (Vol. II, No. 31), pp. 119-120.

- o. Molybdenum
- p. Optical glass
- q. Platinum group metals
- r. Quartz crystals
- s. Quinine
- t. Rubber
- u. Silk
- v. Tin
- w. Toluol
- x. Tungsten
- y. Vanadium
- z. Wool

3. Chemicals as follows:

- a. Ammonia and ammonium compounds
- b. Chlorine
- c. Dimethylaniline
- d. Diphenylamine
- e. Nitric acid
- f. Nitrates
- g. Nitrocellulose, having a nitrogen content of less than 12 percent
- h. Soda lime
- i. Sodium acetate, anhydrous
- j. Strontium chemicals
- k. Sulphuric acid, fuming

4. Products as follows:

- a. Aircraft parts, equipment, and accessories other than those listed in my proclamation of May 1, 1937.
- b. Armor plate, other than that listed in my proclamation of May 1, 1937.
- c. Glass, nonshatterable or bullet proof.
- d. Plastics, optically clear.
- e. Optical elements for fire control instruments, aircraft instruments, etc.

5. Machine tools as follows:

Metal-working machinery for—

- (1) Melting or casting
- (2) Pressing into forms
- (3) Cutting or grinding, power driven
- (4) Welding

AND I do hereby empower the Secretary of State to issue licenses authorizing the exportation of any of the said articles and materials the exportation of which is not already subjected to the requirement that a license be obtained from the Secretary of State authorizing their exportation and I do hereby authorize and enjoin him to issue or refuse to issue licenses authorizing the exportation of any of the ar-

ticles or materials listed above in accordance with the aforesaid rules and regulations or such specific directives as may be, from time to time, communicated to him by the Administrator of Export Control.

AND I do hereby admonish all citizens of the United States and every person to abstain from every violation of the provisions of section 6 of the act above set forth, of the provisions of this proclamation, and of the provisions of such regulations as may be issued thereunder, and I do hereby warn them that all violations of such provisions will be rigorously prosecuted.

AND I do hereby enjoin upon all officers of the United States, charged with the execution of the laws thereof, the utmost diligence in preventing violations of the said act, of this my proclamation, and of any regulations which may be issued pursuant hereto, and in bringing to trial and punishment any offenders against the same.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this 2nd day of July, in the year of our Lord nineteen hundred and forty, and of the Independence of the United States of America the one hundred and sixty-fourth, at 11 a. m., E. S. T.

FRANKLIN D. ROOSEVELT

By the President:

CORDELL HULL,

Secretary of State.

[No. 2413]

The text of the regulations governing the exportation of articles and materials designated in the President's proclamation of July 2, 1940 (No. 2413), issued pursuant to the provisions of section 6 of the act of Congress approved July 2, 1940, appears in the *Federal Register* of July 4, 1940 (Vol. 5, No. 130), pages 2469-2472.

DOCUMENTARY REQUIREMENTS FOR ALIEN RESIDENTS OF THE UNITED STATES

[Released to the press July 3]

Aliens already admitted into the United States for permanent residence have not been required under the new passport and visa regulations to obtain passports from the governments to which they owe allegiance, for continued residence in the United States.

Under the Alien Registration Act of 1940, aliens in the United States will, however, be required to register. It is understood that appropriate instructions regarding the procedure to be followed in registering, will be given publicity in due course.

Alien residents of the United States desiring to proceed to neighboring countries on visits, may, upon return to the United States, present a reentry permit obtained from the United States immigration authorities before departing from the United States, or a nonquota immigration visa obtained from an American consular officer abroad. Aliens who have been admitted into the United States for permanent residence with immigration visas and who have been issued border identification cards, do not require further documentation for reentry into the United States.

The text of the regulations, effective July 1, 1940, relating to entries from Canada and Mexico, follows:

REGULATIONS EFFECTIVE JULY 1, 1940, RELATING TO ENTRIES FROM CANADA AND MEXICO

Persons Other Than American Citizens

I. TEMPORARY VISITS TO THE UNITED STATES; TRANSIT JOURNEYS THROUGH THE UNITED STATES.

Passports. Citizens of Canada and citizens of Mexico should obtain passports or similar documents from the Canadian and Mexican authorities. Nationals of other countries

should similarly obtain passports from the representatives of their governments.

Visas. Application for a visitor's visa or transit certificate should be made at an American consular office.

Cost of Visa. In the case of Canadian and Mexican citizens, no charge will be made for the visa. (The charge for visas issued to persons of other nationalities will depend upon the schedule of fees applicable thereto).

Validity of Visa. The visa will be valid for twelve months if the passport is valid for this period and may be used for any number of entries during the period of validity.

Procedure When Entering and Departing From the United States. The visa will be placed upon consular form 257, which should be presented with the passport to the immigration authorities at the port of entry. The form will be retained by the immigration authorities during the holder's sojourn in the United States and will be returned to him upon his application at the immigration office when leaving the United States, for use in applying for further entries.

Departure Through Different Port of Entry. If the holder of the visa intends to depart through a different port of entry, he should so advise the immigration authorities in order that the form bearing the visa may be sent to the immigration office at the proposed point of departure.

Departure Without Awaiting Return of Form. If the person should depart from the United States without obtaining the form bearing the visa, he should write promptly to the immigration authorities requesting that the form be sent to the nearest American consular office to be returned to the person upon personal application; or if the person expects to return to the United States shortly through the same

port of entry, he may write to the immigration authorities and request that the form be retained until he shall call at the immigration office.

Passengers on Through Transportation Lines which run from the territory of one country through the territory or waters of both countries, do not require a passport or visa if passing in direct transit under supervision of the immigration authorities.

II. IMMIGRATION INTO THE UNITED STATES.

New Immigrants. Persons desiring to immigrate into the United States should obtain a passport from the Canadian or Mexican authorities or from representatives of the country to which they owe allegiance. Application should be made at a consular office authorized to issue immigration visas.

Immigrants Returning From a Temporary Visit Abroad. Aliens admitted into the United States for permanent residence may upon return from a temporary visit abroad, present a reentry permit obtained from the immigration authorities before departing from the United States, or a non-quota immigration visa obtained from an American consular officer abroad.

Aliens who have been admitted into the United States for permanent residence with immigration visas and who have been issued border identification cards, do not require further documentation for reentry into the United States.

PROCEDURE RELATING TO ENTRIES FROM CANADA AND MEXICO

American Citizens

American citizens do not require American passports either to leave or to reenter the United States. It is recommended, however, that they be in possession of such personal papers and other documents as may be helpful in establishing that they are American citizens.

ESTABLISHMENT OF TEMPORARY AMERICAN CONSULATES IN CANADA FOR NONIMMIGRATION VISA SERVICES

[Released to the press July 1]

With reference to the Executive order issued by the President on June 5, 1940,⁴ which requires that all aliens entering the United States on and after July 1, 1940, be in possession of passports or other documents of identity and nationality and have visas obtained from American consular officers, the Department of State has established temporary American Consulates for the performance of nonimmigration visa services only, at the following places in Canada:

Fort Erie, Ontario
Kingston, Ontario
Sault Ste. Marie, Ontario
Sherbrooke, Quebec
Trail, British Columbia.

The regular consular offices in Canada will also perform these services. For the greater convenience of the public, the American Consulate in London, Ontario, has been moved to Sarnia, Ontario.

⁴ See the *Bulletin* of June 8, 1940 (Vol. II, No. 50), pp. 622-624.

Legislation

Joint Resolution To authorize the postponement of payment of amounts payable to the United States by the Republic of Finland on its indebtedness under agreements between that Republic and the United States dated May 1, 1923, and May 23, 1932. (Public Res. 84, 76th Cong., 3d sess.) 1 p. 5¢.

Joint Resolution To amend section 4 of Public Resolution Numbered 54, approved November 4, 1939, entitled "Joint resolution to preserve the neutrality and the peace of the United States and to secure the safety of its citizens and their interests." (Public Res. 87, 76th Cong., 3d sess.) 1 p. 5¢.

Departmental Service

DIVISION OF COMMERCIAL TREATIES AND AGREEMENTS

Departmental Order

[Released to the press July 1]

The Secretary of State has signed the following Departmental order:

"DEPARTMENTAL ORDER

"In order most effectively to carry out the Department's function of the protection of American foreign commerce, there is hereby created in the Department of State a Division of Commercial Treaties and Agreements which shall have general charge of the formulation, negotiation, and administration of all commercial treaties and agreements having to do with the international commercial relations of the United States and shall cooperate in the formulation of international commercial policy. The new division shall have general responsibility for the Department's correspondence and contacts with American export and import interests, with our representatives abroad, and with representatives of foreign governments in this Country with regard to the negotiation, interpretation and enforcement of the terms of commercial treaties and agreements and problems arising in connection with the importation and exportation of goods. In carrying out these functions, the Division of Commercial Treaties

and Agreements shall have the responsibility of enlisting the collaboration of other interested divisions and offices of the Department, particularly those charged with functions involving the formulation of policies, and shall maintain effective liaison with other interested departments and agencies of the Government.

"The Division of Trade Agreements is hereby abolished and its functions and staff transferred to the new division.

"Mr. Harry C. Hawkins is designated Chief of the Division of Commercial Treaties and Agreements and Mr. Henry L. Deimel, Jr., and Mr. William A. Fowler are designated Assistant Chiefs.

"The Division shall function under the supervision of the Assistant Secretary of State charged with economic, financial, tariff, and general trade questions. The symbol designation of the Division shall be TA.

"The provisions of this Order shall be effective on July 1, 1940 and shall supersede the provisions of any existing Order in conflict therewith.

"CORDELL HULL

"JUNE 29, 1940."

Statement by the Secretary of State

[Released to the press July 6]

Following is a statement by the Secretary of State:

"The recent creation of a new Division of Commercial Treaties and Agreements was another of a number of steps taken, from time to time, for the purpose of improving and making more effective the administrative machinery of the Department. The new Division will provide unified direction for carrying out im-

portant functions in the field of commercial policy formerly handled by a number of divisions.

"Far from signifying an abandonment or weakening of the trade-agreements program, this administrative change is intended to strengthen and make more efficient our efforts in the direction of the widest practicable implementation of the program and of the basic principles of liberal commercial relations, which underlie that program. Continued advocacy of

these principles has been and remains our fixed policy. The only alternative, especially after the war, would be the destructive course of totalitarian autarchy.

"I should like to call attention again to the following statement made by the President on June 21, 1940,⁵ in connection with some of the emergency features of our current work in the field of inter-American economic cooperation:

"... In some of its essential features, this program of cooperative economic action by the American republics, and possibly by other

countries, is being undertaken in response to new—but, we hope, temporary—developments in international relations. It is not intended to replace the program of reciprocal trade agreements which has been steadfastly pursued by the Government of the United States. We continue to believe that the basic principles of that program offer the most effective basis for mutually beneficial economic relations among nations, and we are determined to work, as circumstances permit, for their fullest possible application."

Foreign Service of the United States

PERSONNEL CHANGES

[Released to the press July 6]

Changes in the Foreign Service since June 15, 1940:

Erle R. Dickover, of Santa Barbara, Calif., Consul General at Batavia, Java, Netherlands Indies, has been assigned as Consul General at Melbourne, Australia.

Walter A. Foote, of Hamlin, Tex., Consul at Melbourne, Australia, has been assigned as Consul at Batavia, Java, Netherlands Indies.

Reginald S. Castleman, of Riverside, Calif., Consul at São Paulo, Brazil, has been assigned as Consul at Bahia, Brazil.

Daniel M. Braddock, of Grand Rapids, Mich., Second Secretary of Embassy at Caracas, Venezuela, has been assigned as Consul at Porto Alegre, Brazil.

Gerald A. Drew, of San Francisco, Calif., now serving in the Department of State, has been designated Second Secretary of Legation and Consul at Quito, Ecuador, and will serve in dual capacity.

John J. Macdonald, of St. Louis, Mo., now serving in the Department of State, has been

designated Third Secretary of Embassy at Nanking, China.

The assignment of Whitney Young, of New York, N. Y., as Consul at Palermo, Italy, has been canceled. Mr. Young has now been assigned for duty in the Department of State.

John Davies, Jr., of Cleveland, Ohio, Vice Consul at Hankow, China, has been assigned for duty in the Department of State.

Elim O'Shaughnessy, of New York, N. Y., Third Secretary of Embassy and Vice Consul at Rio de Janeiro, Brazil, has been assigned as Vice Consul at Natal, Brazil.

Troy L. Perkins, of Lexington, Ky., Vice Consul at Yünnanfu, China, has been assigned as Consul at Yünnanfu, China.

J. Graham Parsons, of New York, N. Y., Vice Consul at Mukden, Manchuria, China, has been designated Third Secretary of Legation and Vice Consul at Ottawa, Ontario, Canada, and will serve in dual capacity.

Prescott Childs, of Holyoke, Mass., Consul at Barbados, British West Indies, has been designated Second Secretary of Embassy and Consul at Rio de Janeiro, Brazil, and will serve in dual capacity.

⁵ See the *Bulletin* of June 22, 1940 (Vol. II, No. 52), p. 675.

Edward D. McLaughlin, of Arkansas, Second Secretary of Embassy at Mexico City, Mexico, has been designated Second Secretary of Embassy and Consul at Rio de Janeiro, Brazil, and will serve in dual capacity.

Robert English, of Hancock, N. H., Second Secretary of Legation and Consul at Ottawa, Ontario, Canada, has been assigned as Consul at Wellington, New Zealand.

Leys A. France, of Ohio, assigned to the Department of State and detailed to the Department of Commerce for duty, has been assigned as Consul at Mexico City, Mexico.

The following officers of the Foreign Service have been detailed to the places indicated, where American consulates have been established for the purpose of performing nonimmigrant visa services only:

Lynn W. Franklin, of Bethesda, Md., to Fort Erie, Ontario, Canada.

Norris B. Chipman, of Washington, D. C., to Kingston, Ontario, Canada.

Benjamin M. Hulley, of De Land, Fla., to Sault Ste. Marie, Ontario, Canada.

Hedley V. Cooke, Jr., of Orange, N. J., to Sherbrooke, Quebec, Canada.

Thomas J. Cory, of Glendale, Calif., to Trail, British Columbia, Canada.

The American Consulate at London, Ontario, Canada, has been transferred to Sarnia, Ontario, Canada. Charles E. B. Payne, of Michigan, has been appointed Vice Consul at Sarnia, Ontario, Canada.

William R. Morton, of Brooklyn, N. Y., Vice Consul at Warsaw, Poland, has been appointed Vice Consul at Quebec, Canada.

Treaty Information

Compiled by the Treaty Division

AVIATION

Convention for the Unification of Certain Rules Relating to Damages Caused by Aircraft to Third Parties on the Surface, 1933, and Additional Protocol, 1938

A statement regarding the ratification by Italy of the Convention for the Unification of Certain Rules Relating to Damages Caused by Aircraft to Third Parties on the Surface, signed at Rome on May 29, 1933, and the Additional Protocol signed at Brussels on September 29, 1938, was printed in the *Bulletin* of March 2, 1940 (Vol. II, No. 36), page 273. The following is a translation of a *note verbale* dated June 4, 1940, which was received in reply to a request made to the Foreign Office regarding the deposit of the instrument of ratification by Italy:

"With reference to Note Verbale F. O. No. 1470 of the Embassy of the United States of America, the Royal Ministry of Foreign Affairs has the honor to state that Italy has deposited neither the instruments of ratification of the International Convention for the Unification of Certain Rules Relating to Damages Caused by Airplanes to Third Parties on the Surface, signed at Rome May 29, 1933, nor of the Additional Protocol to the same Convention signed at Brussels September 29, 1938.

"Up to the present time, the following States have deposited the instruments of ratification of the above-mentioned Convention on the dates indicated:

Spain—June 28, 1934
 Rumania—March 23, 1935
 Belgium—October 14, 1936
 Guatemala—July 6, 1939

"The Republic of Guatemala has also deposited, as of the same date, July 6, 1939, the instrument of ratification of the Additional Protocol.

"The Convention is not yet in effect since the condition provided for in its Article 24 (Paragraph 2) has not arisen.

"ROME, June 4, 1940."

TELECOMMUNICATIONS

International Telecommunication Convention (Treaty Series Nos. 867 and 948)

Guatemala

The American Minister to Guatemala reported by a despatch dated June 21, 1940, that the *Diario de Centro América* published on June 18, 1940, a decree, No. 2456, dated April 26, 1940, by which the Guatemalan Assembly approved with reservations the International Telecommunication Convention and Telegraphic Regulations signed at Madrid on December 9, 1932, as well as the General Radio Regulations and Additional Radio Regulations signed at Cairo on April 8, 1938.

Publications

DEPARTMENT OF STATE

Allocation of Tariff Quota on Heavy Cattle During the Calendar Year 1940: Proclamation by the President of the United States Issued on November 30, 1939, Pursu-

ant to Article III of the Reciprocal Trade Agreement Between the United States of America and Canada Signed November 17, 1938 (Executive Agreement Series No. 149). Executive Agreement Series No. 170. Publication 1474. 4 pp. 5¢.

Trans-Isthmian Joint Highway Board: Arrangement Between the United States of America and Panama.—Effected by Exchanges of Notes Signed October 19 and 23, 1939, December 20, 1939, and January 4, 1940. Executive Agreement Series No. 168. Publication 1475. 5 pp. 5¢.

OTHER GOVERNMENT AGENCIES

Universal Postal Union Convention of Buenos Aires (May 23, 1939). (Post Office Dept.) 246 pp., tables. 25¢.

Regulations

Government regulations of interest to readers of the "Bulletin":

Anchorage Regulations: Regulations for the Control of Vessels in the Territorial Waters of the United States [issued under authority of the President's proclamation, No. 2412, of June 27, 1940]. (Treasury Department: Bureau of Customs.) T. D. 50182. *Federal Register* Vol. 5, No. 128, July 2, 1940, p. 2442 (The National Archives of the United States).

Delegation of Powers and Definition of Duties [relating to the administration of the Immigration and Naturalization Service]. (Department of Justice.) [Order No. 3888.] *Federal Register*, Vol. 5, No. 129, July 3, 1940, pp. 2454-2455 (The National Archives of the United States).